

Assembly Bill No. 1368

CHAPTER 334

An act to amend Section 15150 of the Education Code, relating to school bonds.

[Approved by Governor October 8, 2007. Filed with
Secretary of State October 8, 2007.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1368, Mullin. School bonds: school and community college districts.

Existing law permits the governing board of a school district or a community college district, by resolution, to issue notes, on a negotiated or competitive-bid basis, maturing within a period not to exceed one year, in anticipation of the sale of bonds by that district at the time the notes are issued. All notes issued and any renewal of the notes are required to be payable at a fixed time not more than 5 years from the date of the original issuance of the note. If the sale of the bonds does not occur prior to the maturity of the notes, the fiscal officer of the district, in order to meet the notes then maturing, is required to issue renewal notes for this purpose. The renewal of a note may not be issued after the sale of bonds in anticipation of which the original note was issued.

A note and any renewal of a note are to be payable from the proceeds of the sale of bonds or of any renewal of notes or from other funds of the district lawfully available for the purpose of repaying the notes, including state grants.

This bill would authorize a district to issue notes that mature within a period not to exceed 5 years, rather than one year. The prohibition on the fiscal officer of a school district or a community college district issuing a renewal note that would have a maturity date later than 5 years from the date of the original issuance of the note would be restated.

The people of the State of California do enact as follows:

SECTION 1. Section 15150 of the Education Code is amended to read:

15150. (a) When the governing board of a school district or a community college district deems it in the best interests of the district, it may by resolution, upon such terms and conditions as it shall prescribe, issue notes, on a negotiated or competitive-bid basis, maturing within a period not to exceed five years, in anticipation of the sale of bonds authorized pursuant to Section 15100 or Section 15340 at the time the notes are issued. The proceeds from the sale of the notes shall be used only for authorized purposes of the bonds or to repay outstanding notes authorized by this section.

(b) All notes issued and any renewal thereof shall be payable at a fixed time not more than five years from the date of the original issuance of the note. If the sale of the bonds does not occur prior to the maturity of the notes issued in anticipation of the sale, the fiscal officer of the school district or community college district, in order to meet the notes then maturing, shall issue renewal notes for this purpose. The renewal of a note may not be issued after the sale of bonds in anticipation of which the original note was issued and the maturity date of the renewed note shall not be later than five years from the date of the original issuance of the note.

(c) Every note and any renewal thereof shall be payable from the proceeds of the sale of bonds or of any renewal of notes or from other funds of the school district or community college district lawfully available for the purpose of repaying the notes, including state grants. The total amount of the notes or renewals thereof issued and outstanding may not at any time exceed the total amount of the unsold bonds.

(d) Interest on the notes shall be payable from proceeds of the sale of bonds, or from the tax lawfully levied to pay principal of and interest on the bonds.

(e) The original issuance of notes and any renewal thereof may be in the form of commercial paper notes. Each issuance of commercial paper notes to repay outstanding notes shall be deemed to be a renewal of notes subject only to the requirements of this section.